



**STATE OF DELAWARE**  
**STATE BOARD OF PENSION TRUSTEES**  
**AND**  
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**BOARD OF PENSION TRUSTEES**  
**AUDIT COMMITTEE**  
**PUBLIC MINUTES OF NOVEMBER 5, 2021**

The meeting of the Audit Committee was called to order by Mark Finfrock, Chair, at 9:01 a.m., via video and teleconferencing.

Committee Members Present

Mark Finfrock  
Tom Vermeer  
Stephen Ritchie  
Harold Stafford  
Kathy White  
Joseph Seibert

Committee Members Absent

Others Present

Joanna Adams, Pension Office  
Jodie Wedel, Pension Office  
Jamie Mayan, Pension Office  
Stephenie Tatman, Pension Office  
Khairat Makanjuola, Pension Office  
Josh Hitchens, Pension Office  
Ann Marie Johnson, Deputy Attorney General  
Ryan Connell, Deputy Attorney General  
Amy Cole, Pension Office  
Mary Wood, Pension Office  
Kari Overington, Pension Office  
Courtney Stewart, OMB  
Sophia Smith, Windmark  
Keith Hammond, BDO

Mike Devitis, KPMG  
Jason Freund, KPMG  
Jim Doyle, BDO  
James Pollock, KPMG  
Victoria Calibey, BDO

**1. OPENING COMMENTS**

M. Finfrock opened with roll call. M. Finfrock introduced Joseph Seibert as the newest member of the Audit Committee. He also introduced Jim Pollock, who is a Managing Director with KPMG and assisting with the Internal Audit function.

**2. APPROVAL OF THE MINUTES**

The Audit Committee reviewed the Public Minutes of the July 23, 2021 meeting.

**MOTION** made by S. Ritchie and seconded by H. Stafford to approve the Public Minutes of the July 23, 2021 meeting with corrections, subject to noted changes discussed during Executive Session.

**MOTION ADOPTED UNANIMOUSLY**

The Audit Committee reviewed the Executive Minutes of the July 23, 2021 meeting.

**MOTION** made by K. White and seconded by S. Ritchie to approve the Executive Minutes of the July 23, 2021 meeting, subject to noted changes discussed during Executive Session.

**MOTION ADOPTED UNANIMOUSLY**

**MOTION** made by H. Stafford and seconded by T. Vermeer to move into Executive Session for the purpose of discussing confidential financial information, sensitive commercial information, proprietary business information, and internal audit reports and preliminary external audit reports.

**MOTION ADOPTED UNANIMOUSLY**

The Audit Committee then moved into Executive Session to discuss confidential financial information, sensitive commercial information, proprietary business information, and internal audit reports and preliminary external audit reports.

**MOTION** made by H. Stafford and seconded by J. Seibert to exit Executive Session.

**MOTION ADOPTED UNANIMOUSLY**

**3. EXTERNAL AUDIT UPDATE**

Nothing to report.

**4. INTERNAL AUDIT REPORT**

Nothing to report.

## 5. PENSION ADMINISTRATOR UPDATE

### Positions Update

Ms. Adams reported the State Accountant II position starts on November 22<sup>nd</sup>. On Monday, three new employees will start, a Human Resource V Limited-Term who will oversee our Human Resources I Limited Terms and two Human Resource Specialist I positions in our payroll department. The Executive Assistant will be hired in the next couple of weeks. We have submitted a request to hire the Administrative Specialist II position.

Ms. Adams recognized Jamie Mayan. Since Terri Timmons' retirement, she has been doing her job and Terri's job. These last few weeks, we had experienced some absences due to COVID-19. Jamie stepped up and maintained the file room as well. Ms. Adams recognized Jodie Wedel and Christy Ulmer who are retiring. Christy formerly supported the Board as the Office Manager and has worked her way up to retire as a supervisor. Ms. Adams announced this will be Ann Marie Johnson's last Audit Committee Meeting as she is retiring at the end of January.

Ms. Adams compiled a list of highlights from Fiscal Year 2021. Celebrating successes big and small.

- Delaware Public Employees' Retirement System celebrated its 50<sup>th</sup> Year Anniversary in 2021. FY21 ended with a rate of return over 38%, the 2<sup>nd</sup> highest return in its 50-year history, and well above the expected rate of return of 7%. The system started in 1971 with 4 pension plans valued at \$14.7 million and has grown to 9 pension plans and 3 commingled investment funds valued at \$14.6 billion in FY21!
- Implemented Key Performance Indicators for Northern Trust, DPERS' custodial bank, saving \$20,000 in banking fees.
- Replaced in-person Pre-Retirement Workshops and Group Counseling with virtual workshops serving approximately 1,500 members. The workshop has also been recorded with closed captioning to be accessible 24/7 on our website.
- Transitioned lockbox operations from BNY Mellon and check printing services and payroll EFT transactions from PNC Bank to JPMC.
- Updated the Disability Insurance Program eligibility file and deduction file as a result of The Hartford's transition to its new data system.
- Technology upgrades include the transition to Office 365, Microsoft Teams, digital signage and new phone system.
- Implemented a continuous auditing model of DPERS' key business processes to use on-going data analysis to identify and resolve potential issues in a more timely and effective manner.
- Set up 24 counties and municipalities for auto debit of their monthly contribution payments which replaces money wires or manual checks saving time and ensuring the contributions are invested faster.

- Increased Limited Partnership stock distributions by 30%. Received \$829 million from 190 distributions in FY21.
- Enhanced all Pension Office forms to be more professional and consistent in addition to be more user-friendly.
- Implemented a successful training program for new hires. Excluding internal promotions, 25% of the total staff were hired new in FY21.
- Implemented an additional vision plan.
- Renamed the Delaware Conference Room (aka Boardroom) to Craik Conference Room and completed the tribute on the wall in honor of David C. Craik, former pension administrator.

#### Retiree Benefits Study Committee Update

Ms. Adams reported the Retiree Study report had been issued to the Governor on November 1<sup>st</sup>.

#### Actuarial Update

Ms. Adams reported that the Board was presented with the Fiscal Year 2021 Actuarial Valuation report at last Friday's meeting. This is the second-highest return in DPERS' history. From a market value perspective, the State Employees' Pension Plan is over 110% funded. From an Actuarial perspective, the State Employees' Pension Plan is 89% funded with a \$1.2 billion unfunded liability.

The following employer contribution rates for FY23 were presented to the Board by Cheiron, Inc.:

State Employees'	11.15%
State Judicial	11.22%
State Police	27.16%
County/Municipal General	5.55%
County/Municipal P & F	11.34%
Volunteer Fire	\$468.55 per member
Diamond State Port (FY22)	\$0.00

#### **6. DEPUTY ATTORNEY GENERAL REPORT**

Nothing to report

#### **7. MEETING DATES FOR 2022**

Meeting dates for the next year were decided on February 4<sup>th</sup>, May 6<sup>th</sup>, July 15<sup>th</sup>, and November 4<sup>th</sup>.

**MOTION** made by J. Seibert and seconded by T. Vermeer to approve the Fiscal Year 2021 Annual Comprehensive Financial Report, subject to any

significant changes prior to report issuance or major concerns by the Board of Pension Trustees

**MOTION ADOPTED UNANIMOUSLY**

**MOTION** made by J. Seibert and seconded by S. Ritchie to approve and accept the Internal Audit report.

**MOTION ADOPTED UNANIMOUSLY**

**8. ADJOURNMENT**

At 11:23 a.m., there being no further business, **MOTION** was made by S. Ritchie and seconded by J. Seibert to adjourn the meeting.

**MOTION ADOPTED UNANIMOUSLY**

Respectfully submitted,



Joanna Adams (Jun 13, 2022 15:02 EDT)

Joanna M. Adams  
Pensions Administrator



Mark Finfrock (Jun 16, 2022 18:31 EDT)

Mark Finfrock, Chair  
Audit Committee